

Project Narrative: Montana's Regional Innovation Grant

1. Identification of regional economy including factors that contribute to the formation of the region (economic interdependence, assets, and/or networks):

Montana is fortunate to be one of the initial recipients of a WIRED grant for the struggling economies in the North-Central (known as the Hi Line) and Eastern region of the state and the area's heavy reliance on an agricultural-based economy. With this RIG application, we are now turning our attention to the far west end of the state and the unique economic characteristics and struggles that exist there. For over 100 years, the economy of Western Montana has relied heavily on the timber and wood products industries. This is particularly true of the corridor of contiguous counties that includes Lincoln, Flathead, Sanders, Lake, Mineral, Missoula and Ravalli Counties. Before the onset of government regulations, environmental constraints, supply limitations and foreign competition, companies involved in the timber and wood products industries were plentiful throughout the region. These companies provided a large percentage of the jobs with high wages and good benefits, particularly in the more rural areas and smaller communities. Larger companies had operations at some level in multiple locations around the region, creating a network of assets and other resources that sustained local economies and, by extension, spread economic benefits throughout the region. In the summer of 2007, this specific cluster of seven counties was announced as Region I in a management reorganization of the Department's statewide network of local Job Service Workforce Centers into five Regions [Map attached]. These five new Job Service Regions mirror those of the State's Department of Commerce providing for greater alignment and coordination of workforce development and economic development efforts.

2. Preliminary assessment of labor market impacts from major dislocations in the region: Over the past 16 years, this Western region of the state has experienced a succession of business closures and mass layoffs in timber harvesting, sawmills, and wood product processing operations, which have resulted in ripple effect impacts to secondary businesses - especially in the smaller communities within the region. The prevalence of Rapid Response activity, applications for Trade petitions and

National Emergency Grants awarded in this Region compared to the rest of the state is indicative of impacts to the Region's labor market. According to the Quarterly Census of Employment and Wages, in 1990 the timber and wood products industries accounted for 12.2% of the wages in the Region. By 2006, that percentage had decreased to 4.7% of the Region's wages. In that same time, the number of workers employed in the timber and wood products industries has dropped by thirty-two percent (32%). From April 1999 to May 2007, this western region accounted for 71% of all Trade petition applications filed from Montana. During that same time, 79% of all approved Trade petitions came from the western region and 65% of those were in the timber and wood products industries. National Emergency Grants awarded to Montana have been predominantly in the western region; with the timber and wood products industries representing 63% of the grants. This includes the most recent award of NEG MT-17 a Dual Enrollment NEG in June 2007 to serve up to 100 workers laid off from Stimson Lumber operations in Missoula and Lincoln counties. In the five months since the Stimson NEG was awarded, Rapid Response staff in the Region have submitted nine (9) additional Initial Screening Contact (ISC) reports related to layoffs in the timber and wood products industries. While three (3) of those reports related to forest fire activity, resulting in the temporary layoff of over 200 workers; the remaining incidents resulted in the combined layoff of eighty-one (81) workers due to downsizing or business closure. One of the more significant of these recent incidents is the closure of the Four Corners Pine lumber mill in the tiny town of Trout Creek. As a result of this closure, Petition 62416 seeking TAA/ATAA certification for the thirty-four (34) impacted workers was instituted on 11/06/2007. A decision on the Petition is anticipated by 12/16/2007. Clearly, the Western region of Montana continues to experience a downward trend in the timber and wood products industries.

3. **Identification of a core regional leadership group & key project partners:** The core regional leadership group and the key project partners for the grant will be drawn from workforce development, economic development and education leaders from the region, with support and assistance from stakeholders at the state level. The Job Service Region I Director will play a key role

in the grant implementation process. Montana's change to a single planning area in January 2006 and immediate focus of the State Workforce Investment Board (SWIB) to grow the number of certified one-stops in the state has resulted in fifteen (15) certified one-stop systems which, as of the writing of this application, includes eighteen (19) certified one-stop Centers and three (3) additional applications in process. Western Montana's Job Service Region I includes four (4) certified one-stop centers – the Job Service Workforce Centers located in the communities of Hamilton, Missoula, Polson and Kalispell. Job Service Workforce Centers are also located in Libby and Thompson Falls and have applications for one-stop certification in process. In addition, Kalispell is the site of the first business one-stop in the state, which houses Job Service Business Advocate staff, the Flathead Visitors Center, Chamber of Commerce, Department of Commerce economic development staff, SCORE and post-secondary education representatives from Flathead Valley Community College. The Region I Job Service structure provides the ideal framework to identify key project partners and a core leadership group to help facilitate regional economic transformation. *The initial core regional leadership group will consist of the Job Service Region I Director along with the designated one-stop operators and Job Service managers in the region as identified in **Attachment A**. These individuals will be responsible for coordinating with each of their CMTs and bringing appropriate economic development and education leaders together to form the group of key project partners throughout the region.* Economic development and education partners already serve on their CMTs and are one-stop partners, so are aware of workforce and economic development issues within their community, the region, and the state of Montana. Each local Workforce Center in the Region is an active participant in their respective one-stop systems through Community Management Teams (CMTs). The CMTs bring together key workforce development partners in each area including: education, economic development, employer organizations, workforce training service providers and other workforce development entities. Another key partner in the project will be education. Education providers in the Region will provide expertise in the development of a regional career path pipeline approach to workforce training. Higher education has a well established presence within the region, with the

notable exception of the growing Bitterroot Valley area on the south end. Missoula, Flathead, Lake and Lincoln counties provide access to five higher education campuses. These include Flathead Valley Community College (FVCC) headquartered in Kalispell; an FVCC campus in Libby; the Salish-Kootenai Tribal College in Pablo (Lake County); and the University of Montana and UM-College of Technology campuses in Missoula. Efforts have been underway for the past few years to establish a permanent higher education presence in the Bitterroot Valley. Whether this will take the form of a locally established community college or University system higher education center is currently being debated.

- 4. The collaboration & coordination planned and the roles of strategic partners:** Adopting a regional approach to workforce and economic development does not come without challenges. First among these challenges is developing regional leaders who think and operate in a broader context. Most leaders are not encouraged to think regionally or even consider the assets that exist beyond their jurisdictions that may be of assistance in solving problems common across the region. That is why one of the critical first steps of implementation will be the identification, education and recruitment of key strategic partners and visionary leaders in local workforce systems, local economic development entities, secondary and higher education throughout the Region. The development of a shared and common vision that will be of benefit to all will help facilitate coordination and collaboration among these stakeholders. Economic and workforce development partners will coordinate efforts and collaborate on the identification of the workforce needs of growing and emerging industries; while education partners will coordinate on the development and efficient delivery of training courses and programs to meet those workforce needs. *Montana's large geographic size, relatively small population and frontier nature provide a natural framework for the necessity of networking and creating partnerships. These mechanisms and arrangements already exist to some extent at every level – statewide, regionally and locally. Networks and partnerships that will be developed or tapped into to maximize a regional transformation within Region I include: certified one-stop systems/centers, local community management teams, Job Service Employer Committees, Chambers*

of Commerce, economic development entities, secondary and post-secondary education including community, tribal and colleges of technology, business and professional organizations.

The RIG leadership team and key partners will work with LMI experts and local economic data within the region to determine what industry partners to include on the project, and to determine the demand occupations within the regional communities. These industry leaders will provide a valuable asset in working with education partners to establish long term goals, and plans for developing curriculum and education programs to ensure a highly trained workforce pipeline in the high-growth industries within Montana's western region. Additional industry representatives can be brought into the project at a later date as an advisory group or task force.

5. **Proposed and/or actual leveraged resources for the implementation phase:** A variety of resources are proposed to be leveraged to augment the grant resources needed during the implementation phase. The key project partners will be called upon to contribute in-kind and actual resources including, but not limited to: staff time, facility use and shared financial support of those items not fundable through the grant. In addition, efforts will be made to attract financial support from employer organizations, private foundations and other appropriate entities.
6. **Services expected to be provided to dislocated workers, using WIA and other resources, during the planning and implementation phase:** During the planning and implementation phase of the grant, dislocated workers in the region will continue to receive core, intensive and training services from a variety of resources. This includes: WIA Rapid Response, Title IB Adult and Dislocated Worker funds, as well as NEG and TAA funds when appropriate. Whenever feasible, emphasis will be placed on providing appropriate core and intensive services prior to layoff with the goal of re-employment of the dislocated worker into suitable work as quickly as possible. For those workers willing to relocate, this will include assistance with out-of-area job search and relocation to start a new job. When assessment of the dislocated worker calls for skill upgrades or training to a new occupation, all available and appropriate resources will be used to help that worker attain their

employment goal. Staff working with dislocated workers needing retraining will provide information about training and funding alternatives, access to the eligible training provider list, referral to appropriate organizations for supportive service and – whenever possible – co-enrollment with other training programs to maximize available resources.

7. **Timeline for completion and implementation of the regional strategy:** The Western Montana Regionalization strategy will be developed and implemented over an 18 month period upon receipt of the grant. The initial phase of the grant will involve identification and recruitment of the core leadership group and key project partners culminating with a strategic planning retreat. Timeline for this phase is estimated at 1-2 months. The Regional Strategic Planning Retreat will lead into the next phase – project implementation and ongoing evaluation. Benchmarks, timelines, resource/asset mapping, evaluation methods (pre and post) and responsible parties will be established during the retreat along with designation of a project leader who will facilitate, coordinate and oversee the implementation and evaluation of the regional strategy. Timeline for this phase of the project is estimated at 14-16 months. The final phase of the project will be focused on building sustainability through identification and securing of resources. Timeline for this phase of the project will overlap with the previous phase and is estimated at 6-8 months duration [**Attachment B**].
8. **Description of the type of planning activities to be undertaken and service to be procured with grant funds:** The resources provided through this grant will assist in strategically addressing the challenges of regionalism through regional leadership development initiatives, regional social network mapping and regional asset mapping. Furthermore, an audit of the current educational pipeline and its success in providing a necessary regional workforce will assist the area in creating a comprehensive regional economic development strategy. As noted in the previous section, Montana's RIG project will incorporate comprehensive planning activities at the onset and early stages of the grant. The project will focus on activities leading to the transformation of this Region's economy away from the traditional reliance on timber and wood products industries to one that is responsive to future dislocation events and the workforce needs of growing and emerging industries

in the Region. Early planning activities will include: 1) development and implementation of action steps to form the core leadership group and recruit key project partners; 2) mapping of resources and social networks in the region; and 3) a Regional Strategic Planning Retreat. We will coordinate a 3 Day Strategic Planning session with the Leadership Team (Region I director and One-Stop Operators) and up to 10 of the identified Key Partners. The session will also be attended and facilitated by key leadership from the Montana Department of Labor & Industry, including the program managers for TAA and NEG, as well as a state LMI expert, to draw on their experience and knowledge. This will result in approximately 20 individuals meeting in Missoula for a 3 day planning session, with an estimated cost of \$3,000 (to include rooms and per diem; travel reimbursement (mileage) will be provided for non-state employees).

Services to be procured through the grant funds may include personal service contracts with consultants knowledgeable in resource, asset and social network mapping. Other activities supported through the grant include: regionalization development including education and outreach to promote the benefits of a regionalized approach; and workforce training capacity building and development through partnership with secondary and post-secondary education in the region.

- 9. Proposed transformational strategies to be implemented, if known, including the identification of target industries and economic sectors:** *The most current data from the Department's Research and Analysis Bureau shows the following top ten high growth industries from 2004-2007 in Region I: Administrative and Support Services, Specialty Trade Contractors (Construction), Amusements, Gambling and Recreation, Food Services and Drinking Places, Ambulatory Health Care, Construction of Buildings, Accommodations, Social Assistance, Professional and Technical Services and Building Material and Garden Supply Stores. The transformational process will help determine which of these industries should be included in the project – with special emphasis on identification of high wage occupations within the industries. In addition, the project will incorporate the work of economists and LMI statisticians to identify emerging high wage/high growth occupations that have not been captured in the 2004-2007 data. Proposed transformational strategies to be implemented*

will include, but not be limited to: 1) identifying, cataloguing, and analyzing regional assets; 2) identifying and further developing a regional identity; 3) identifying growing and emerging high wage industries and economic sectors in the region; and, 4) developing an educational/training focus to provide workforce capacity and sustainability. Even though these same types of strategies are part of the first WIRED grant, this RIG will not be duplicating anything from that grant as there is no geographic, industrial or economic overlap between the current WIRED region in North Central-Eastern Montana and the proposed RIG region in Western Montana.

10. Projected outcomes and impacts for planning and implementation of the regional

strategy: The primary outcome expected from the planning and implementation of the regional strategy is the establishment of an infrastructure to support a regional approach to workforce, economic and educational development that will sustain efforts to promote and create diverse economies throughout the region. This new infrastructure will help transform the region away from reliance on natural resource-based industries such as timber and wood products to growing and emerging high wage industries in the region. Specific outcomes that will support this new infrastructure include: development of dynamic partnerships, creation of a core group of key regional leaders, implementation of strategies to stimulate positive growth, and capitalization on workforce capacity. The grant will facilitate the development of these unique partnerships, identify resources and strategies available to Montana's Western region, and coordinate these resources to positively impact the region's economic transition.